

SOWELL GRAY STEPP & LAFFITTE, LLC
ATTORNEYS AND COUNSELORS AT LAW

March 31, 2005

VIA HAND-DELIVERY:

Charles L.A. Terreni, Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

Re: Chesnee Telephone Company vs. KMC Telecom, et al
Docket No.: 2005-30-C

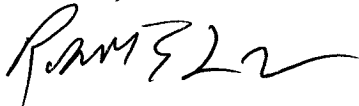
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SC PUBLIC SERVICE
COMMISSION

Dear Mr. Terreni:

Enclosed for filing, please find the original and eleven copies of KMC Telecom's Answer in the above-referenced docket. After filing the original and required number of copies, please return one filed-stamped copy to our courier.

Thank you for your assistance with this matter. By copy of this correspondence I am serving all parties of record and enclose my certificate of service to that effect.

Sincerely,



Robert E. Tyson, Jr.

Robert E. Tyson, Jr.
rtyson@sowell.com
DD 803.231.7838

RETjr:alw
Enclosures

cc: Margaret M. Fox, Esquire
M. John Bowen, Jr., Esquire
✓ C. Dukes Scott, Esquire

1310 Gadsden Street
Post Office Box 11449
Columbia, SC 29211

803.929.1400
803.929.0300
www.sowell.com

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO.: 2005-30-C

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Chesnee Telephone Company,)
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Plaintiff,)
)
vs.)
)
KMC Telecom III, Inc., KMC Telecom)
V, Inc., and KMC Data, LLC)
(collectively referred to as "KMC"),)
)
Defendants.)
)
)

ANSWER

Defendants, KMC Telecom III, Inc., KMC Telecom V, Inc., and KMC Data, LLC (collectively referred to as "KMC"), respectfully submit this Answer to the Complaint of Chesnee Telephone Company ("Chesnee"). KMC would respectfully show the Public Service Commission of South Carolina ("Commission"):

FOR A FIRST DEFENSE

1. Responding to the allegations contained in Paragraph 1, KMC admits such allegations upon information and belief.
2. Responding to the allegations contained in Paragraph 2 of the Complaint, KMC admits such allegations.
3. Responding to the allegations contained in Paragraph 3, KMC admits such allegations.

4. Responding to the allegations contained in Paragraph 4 of the Complaint, KMC cannot admit to any of Chesnee's assertions because it has no record of receiving Chesnee's May 28, 2004 letter. Per KMC Exhibit 1, Chesnee Timeline, KMC actually received Chesnee's letter on July 7, 2004. In addition, KMC denies that Chesnee's tariffs supported Chesnee's assertions especially in light of the fact that, on August 8, Chesnee published a press release acknowledging that Chesnee recently had to make changes in the local calling scope of certain telephone numbers as a consequence of changing industry regulation and market forces. Further, on September 24, 2004, Chesnee actually took action to change its tariffs by filing tariff revisions with the SC PSC to redefine Extended Area Service as "voice-only calls from BellSouth", and to add a new category of calls entitled Extended Area Calling, which were voice-only calls from other carriers who had entered into an MTE with Chesnee.

5. Responding to the allegations contained in Paragraph 5 of the Complaint, KMC craves reference to the May 28, 2004 letter (received on July 7, 2004) as to the specific terms of such letter.

6. Responding to the allegations contained in Paragraph 6 of the Complaint, KMC denies all allegations related to the May 28, 2004 letter; however, KMC admits discussions were held after KMC received the July 2, 2004.

7. Responding to the allegations contained in Paragraph 7 of the Complaint, KMC denies such allegations.

8. Responding to the allegations contained in Paragraph 8 of the Complaint, KMC is without information sufficient to form a belief as to whether Chesnee notified Chesnee's customers; however, KMC does acknowledge that on August 8, Chesnee published a press release acknowledging that Chesnee recently had to make changes in the local calling scope of certain telephone numbers as a consequence of changing industry regulation and market forces.

9. Responding to the allegations contained in Paragraph 9 of the Complaint, KMC denies any and all innuendos that KMC failed to act when in fact KMC took action to work internally to assess the need for the traffic exchange agreement. KMC is without information sufficient to form a belief as to whether Chesnee's customers dialing numbers within KMC's affected codes received an intercept message informing them that the number could no longer be reached as a local call and that they must first dial "1" and then the 10-digit number, and that they would incur long-distance toll charges when dialing 1+ numbers; however, KMC acknowledges that KMC's customers encountered such an intercept when calling Chesnee customers.

10. Responding to the allegations contained in Paragraph 10 of the Complaint, KMC denies such allegations; however, KMC did: (1) take action to verify the usage reports provided by Chesnee; (2) forecast future traffic patterns; and (3) respond to the proposed agreement with specific changes to the draft agreement.

11. Responding to the allegations contained in Paragraph 11 of the Complaint, KMC admits Chesnee provided a new proposed agreement; however, KMC denies the remaining allegations contained in Paragraph 11.

12. Responding to the allegations contained in Paragraph 12 of the Complaint, KMC is without information sufficient to form a belief as to the veracity of the allegations.

13. Responding to the allegations contained in Paragraph 13 of the Complaint, KMC denies such allegations.

14. Responding to the allegations contained in Paragraph 14 of the Complaint, KMC denies such allegations.

15. Responding to the allegations contained in Paragraph 15 of the Complaint, KMC denies such allegations.

16. Each and every allegation of the Complaint not hereby specifically admitted, qualified, or explained is denied and strict proof is demanded thereof.

FOR A SECOND DEFENSE

17. KMC restates and reasserts each and every response provided above, not inconsistent herewith as if restated herein verbatim.

18. The Complaint fails to state a claim for which relief can be granted; therefore, KMC moves that the Complaint be dismissed.

FOR A THIRD DEFENSE

19. KMC restates and reasserts each and every response provided above, not inconsistent herewith, as if restated herein verbatim.

20. KMC has attempted to respond to Chesnee's various agreements; however, Chesnee has changed its position concerning what type agreements it proposes. Therefore, KMC desires to respond to the relevant documents once Chesnee determines its position.

FOR A FOURTH DEFENSE

21. KMC restates and reasserts each and every response provided above, not inconsistent herewith, as if restated herein verbatim.

22. KMC denies exchanging any traffic with Chesnee in the state of South Carolina and respectfully requests that Chesnee remove KMC Data LLC's name from its Complaint.

WHEREFORE, having fully answered the Complaint of Chesnee Telephone Company, KMC Telecom III, Inc., KMC Telecom V, Inc., and KMC Data, LLC respectfully request:

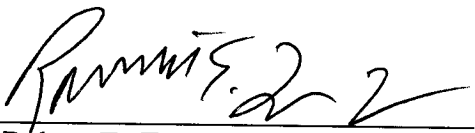
1. That the Commission dismiss this Complaint for failure to state a claim upon which relief may be granted;

2. That the Commission deny the relief sought by Chesnee Telephone Company for the reasons stated herein; and

3. That the Commission order such other and further relief as is just and proper.

Respectfully submitted,

SOWELL GRAY STEPP & LAFFITTE, L.L.C.

By: 
Robert E. Tyson, Jr.
1310 Gadsden Street
Post Office Box 11449
Columbia, South Carolina 29211
(803) 929-1400
Attorneys for Defendants

Marva Brown Johnson
Senior Regulatory Counsel
KMC Telecom
1755 North Brown Road
Lawrenceville, Georgia 30043

Columbia, South Carolina
March 31, 2005

EXHIBIT 1

Time Line of Chesnee and KMC Negotiations Proposed Mutual Traffic Exchange Agreement

DATE	ACTIVITY
May 28, 2004	<p>CHESNEE PROPORTEDLY NOTIFIED KMC</p> <p>Chesnee claims that it sent Mike Duke of KMC a letter that stated that the routing point of some KMC telephone numbers in Spartanburg were for the Greenville tandem, which were not local to Chesnee. KMC has no record of ever receiving this letter.</p>
July 7, 2004	<p>KMC RECEIVED NOTICE FROM CHESNEE</p> <p>Chesnee faxed their May 28th letter to John McLaughlin of KMC.</p>
August 24, 2004	<p>CHESNEE UNILATERALLY CHANGES CUSTOMERS DIALING PLAN, ISSUES PRESS RELEASE</p> <p>Chesnee unilaterally implemented 1+ toll dialing for their customers' calls to KMC customers in Spartanburg, and issued a press release announcing that it had to make these changes in the local calling scope of certain telephone numbers as a consequence of changing industry regulation and market forces.</p>
September 1, 2004	<p>KMC RECEIVES CUSTOMER COMPLAINT</p> <p>KMC's customer, Spartanburg Regional Healthcare System, complained to KMC that their customers in Chesnee had to dial long distance to call the hospital.</p>
September 3, 2004	<p>CHESNEE EXTENDS DATE</p> <p>Chesnee issued a press release announcing that it would extend the deadline for alternative local telecommunication carriers to establish network and contractual arrangements with Chesnee.</p>
September, 2004	<p>KMC RECEIVES DRAFT AGREEMENT</p>

DATE	ACTIVITY
	John Staurulakis, Inc. ("JSI"), on behalf of Chesnee, sent KMC draft Mutual EAS Traffic Exchange Interim Arrangement Agreement.
September 24, 2004	<p>CHESNEE REVISES TARIFF</p> <p>JSI, on behalf of Chesnee, filed tariff revisions with the SC PSC to redefine Extended Area Service as "voice-only calls from BellSouth", and to add a new category of calls entitled Extended Area Calling, which were voice-only calls from other carriers who had entered into an MTE with Chesnee.</p>
October 13, 2004	<p>KMC SENDS JSI REDLINE</p> <p>John McLaughlin of KMC emailed redlined revisions to Chesnee's draft Mutual EAS Traffic Exchange Interim Arrangement Agreement to JSI.</p>
October 14, 2005	<p>JSI REJECTS KMC REVISIONS</p> <p>JSI emailed back to John McLaughlin John's redlined version that John had sent to JSI on October 13, 2004, rejecting KMC's revisions.</p>
November 4, 2004	<p>KMC RECEIVES LETTER FROM ORS</p> <p>South Carolina Office of Regulatory Staff (ORS) sent John McLaughlin a letter requesting that KMC engage in discussions with Chesnee, and to respond by 11/12/04 with status.</p>
November 17, 2004	<p>JSI REPORTS CALL VOLUME</p> <p>JSI sent KMC email stating that call volume of traffic from Chesnee to KMC was over one million in October.</p>
November 19, 2004	<p>KMC MEETS WITH ORS STAFF</p> <p>John McLaughlin personally met with members of the Office of Regulatory Staff (ORS) to discuss the issues that KMC had with Chesnee's proposal.</p>
November 23, 2004	<p>ORS DIRECTOR SENDS LETTER TO LAW FIRM</p>

DATE	ACTIVITY
	Katie C. Morgan, ORS Director, sent a letter to Mr. John Bowen with the McNair Law Firm, with a copy to John McLaughlin, informing Mr. Bowen of the meeting between ORS staff and John McLaughlin, and offering ORS' as a mediator.
December 17, 2004	JSI REPORTS NEW CALL VOLUMES JSI sent John McLaughlin an email stating that call volume was from Chesnee to KMC was 1.27M minutes in September, 1.45M minutes in October & 1.60M minutes in November, 2004.
January 10, 2005	KMC RECEIVES NEW DRAFT AGREEMENT JSI sent John McLaughlin a new version of their proposed Agreement that contained significant revisions to the prior version.
February 3, 2005	KMC ANNOUNCES ASSET SALE KMC announced the sale of all KMC assets in 21 markets, including all markets in South Carolina, to TelCove.
February 4, 2005	JOHN MCLAUGHLIN LEAVES KMC John McLaughlin's last day with KMC.
February 8, 2005	KMC INFORMS ORS OF ASSET SALE ORS called Mike Duke, inquiring about John McLaughlin, and was informed about the asset sale and John McLaughlin's termination.
February 9, 2005	KMC CONFIRMS ASSETT SALE WITH JSI JSI called Mike Duke to confirm information provided them by ORS. JSI later sent Mike Duke an email stating that if KMC did not resolve this matter by February 15, 2005, Chesnee would have to take any and all action necessary to resolve the matter.
February 14, 2005	KMC REVIEWS NEW DRAFT AGREEMENT

DATE	ACTIVITY
	Mike Duke starts the process of reviewing all prior communications and versions of agreements so as to provide JSI with proposed redlined revisions to the new agreement.
February 18, 2005	<p>CHESNEE FILES PETITION</p> <p>Chesnee filed a Petition with the Public Service Commission of South Carolina to Require KMC to Enter Into Appropriate Arrangements with Chesnee.</p>

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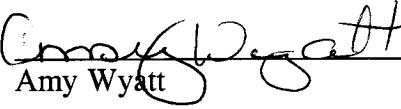
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CERTIFICATE OF SERVICE

I, the undersigned employee of the law offices of Sowell Gray Stepp & Laffitte, L.L.C., attorneys for KMC Telecom III, Inc., KMC Telephone V, Inc., and KMC Data, LLC do hereby certify that I have served a copy of the pleading(s) hereinbelow specified via e-mail or regular mail to the following address(es):

Pleadings:	ANSWER
 Counsel Served:	 Margaret M. Fox M. John Bowen, Jr. McNair Law Firm, PA Post Office Box 11390 Columbia, SC 29211 pfox@mcnair.net jbowen@mcnair.net

C. Dukes Scott, Executive Director
Office of Regulatory Staff
Post Office Box 11263
Columbia, SC 29211


Amy Wyatt

March 31, 2005